



# Why Consider International Investing Today?

*November 16, 2001*

# Lazard Asset Management Worldwide



- **Founded in 1848**
- **Managing US \$63.3 billion in assets\***
- **Over 100 research analysts/portfolio managers/25 languages**

\*As of September 30, 2001. Assets consist of Lazard Asset Management (New York), Lazard Asset Management Limited (London), and global asset management affiliates, but do not include Lazard Gestion in Paris.

# Traditional View of Value

## Valuation – What must we pay?

Price/Earnings

Price/Book

Price/Cash Earnings

Price/Sales

Market's

Growth

Multiple

Value

# Lazard's View of Value

*Financial productivity determines fair valuation*

## Valuation – What must we pay?

Price/Earnings  
Price/Book  
Price/Cash Earnings  
Price/Sales

Market's Multiple



## Financial Productivity – What do we get?

Return on Equity  
Cash Return on Equity  
Operating Margins

# International Exposure

## *U.S. investment in foreign equities – ADR's and local shares*

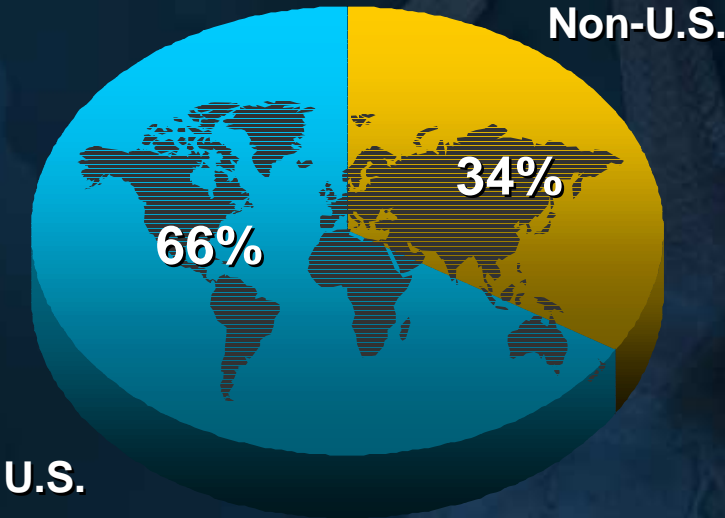
US\$ Billions



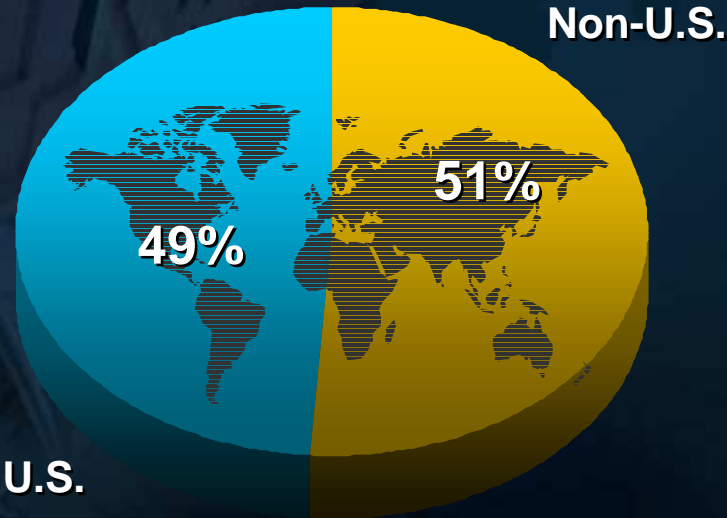
\*As of December 31, 2000  
Source: Federal Reserve

# World Market Capitalization Major Markets\*

1970 - \$929 Billion



2000 - \$19,047 Billion



Source: Morgan Stanley Capital International (MSCI)  
\*22 Countries represented in MSCI World Index

# Global Returns

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Australia	H.K.	Germany	Japan	Japan	France	Germany	U.K.	H.K.	H.K.	H.K.	Japan	Switz.	H.K.	Switz.	France	Japan	Switz.	
56.1%	47.0 %	136.5%	99.7%	43.2%	38.7%	47.1%	10.3%	49.5 %	32.3 %	116.7 %	21.6%	45.0%	33.1 %	44.8%	42.1%	61.8%	5.9%	
France	Japan	Switz.	France	U.K.	Australia	France	H.K.	Australia	Switz.	Switz.	Australia	U.S.	U.K.	U.S.	Germany	H.K.	France	
33.2%	17.1%	107.5%	79.1%	35.1%	38.1%	36.8%	9.2 %	35.6%	18.1%	46.7%	6.5%	36.8%	27.4%	31.8%	29.9%	59.5 %	4.3%	
Japan	U.K.	France	H.K.	Australia	Japan	U.S.	U.S.	U.S.	U.S.	Australia	Germany	H.K.	U.S.	Germany	U.S.	France	U.S.	
24.0%	5.7%	83.2%	56.1 %	10.3%	35.5%	29.3%	-5.1%	33.7%	9.7%	36.6%	5.1%	22.6 %	21.8%	25.0%	24.1%	29.7%	-7.5%	
Germany	France	U.K.	Australia	U.S.	H.K.	Switz.	Switz.	France	France	Germany	Switz.	U.K.	France	U.K.	Switz.	U.S.	Australia	
24.1%	5.1%	53.0%	43.9%	1.9%	28.1 %	27.2%	-5.4%	18.5%	3.4%	36.3%	4.2%	21.3%	21.8%	22.6%	24.1%	20.9%	-10.0%	
U.S.	U.S.	H.K.	Germany	H.K.	Germany	U.K.	Germany	Switz.	U.K.	Japan	U.S.	Germany	Australia	France	U.K.	Germany	U.K.	
22.7%	3.4%	51.7 %	35.9%	-4.1 %	21.4%	21.9%	-8.9%	16.8%	-3.7%	25.7%	0.2%	17.0%	17.8%	12.4%	17.8%	20.5%	-11.5%	
Switz.	Germany	Japan	Switz.	Switz.	U.S.	Australia	France	U.K.	Germany	U.K.	U.K.	France	Germany	Australia	Australia	Australia	Australia	H.K.
1.3%	-5.1%	43.4%	34.3%	-8.8%	17.8%	10.9%	-13.4%	16.0%	-9.7%	24.4%	-1.6%	14.8%	14.1%	-9.5%	7.1%	18.7%	-14.7 %	
U.K.	Switz.	U.S.	U.K.	France	Switz.	H.K.	Australia	Japan	Australia	France	France	Australia	Switz.	H.K.	Japan	U.K.	Germany	
17.4%	-11.1%	32.2%	27.0%	-13.4%	7.1%	8.4 %	-16.0%	9.1%	-9.8%	21.6%	-4.7%	12.5%	2.8%	-23.3 %	5.2%	17.8%	-15.6%	
H.K.	Australia	Australia	U.S.	Germany	U.K.	Japan	Japan	Germany	Japan	U.S.	H.K.	Japan	Japan	Japan	Japan	H.K.	Switz.	Japan
-2.8 %	-12.5%	21.0%	16.7%	-23.4%	6.0%	1.8%	-36.0%	8.8%	-21.3%	10.9%	-2.9 %	0.9%	-15.8%	-23.5%	-2.9 %	-6.6%	-26.2%	

Source: Morgan Stanley Capital International and Frank Russell Company. Each country's return is represented by its respective MSCI country index; U.S. returns are represented by the Russell 3000 index.



# Which Brands Are Foreign?



**EQUITABLE**  
Member of the Global Group



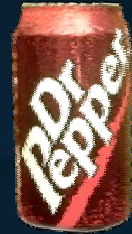
The securities identified above are not necessarily held by Lazard Asset Management for client portfolios, and nothing herein should be considered a recommendation or solicitation to purchase any security.



# Which Companies Are Foreign?

Novartis: **Gerber**

Cadbury-Schweppes:



Diageo:



Nestlé:



Axa:



Zurich Financial Services:



Gillette:

**BRAUN**

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# Globalization of Corporate Revenue

*Non-U.S. Sales represent 27% of total revenues generated by S&P 500 companies versus less than 10% just a decade ago*

## U.S. Companies

- American International Group - 40% in U.S.
- Upjohn (merged with Pharmacia) - 20% in U.S.
- Reader's Digest - 44% in U.S.
- McDonald's - 40% in U.S.
- Coca-Cola - 35% in U.S.

## International Companies

- Royal Dutch Petroleum - 21% in U.S.
- GlaxoSmithKline- 49% in U.S.
- Diageo - 56% in U.S.
- Cadbury Schweppes, drinks business - 85% in U.S.
- News Corporation - 74% in U.S.

# The Need for Consolidation

	European Union	United States
Real GDP in 2000	\$6,993B	\$10,533B
Market Capitalization	\$3.5B	\$9.6B
Population	6.3% of World	4.6% of World
Automobile Manufacturers	7	2
Tractor Companies	50	4
Battery Companies	40	5
Stock Exchanges	25	3
Return on Equity	15.9%	17.3%

As of December 31, 2000

Source: MSCI, United Nations Department of Economic and Social Affairs,  
Salomon Smith Barney, Lazard

# European Merger & Acquisition Wave

## European M&A Volume (\$ Billions)

1995	1996	1997	1998	1999	2000
\$279	\$325	\$508	\$759	\$1,289	\$1,508

**Vivendi**

**Deutsche Telekom**

**Zurich Insurance**

**BP**

**Coca-Cola**

**Hoechst**

**TotalFina**

**BNP**

**Glaxo**

**Seagram**

**VoiceStream**

**B.A.T. Industries**

**Amoco**

**Cadbury Schweppes**

**Rhône-Poulenc**

**Elf Aquitaine**

**Paribas**

**SmithKline Beecham**

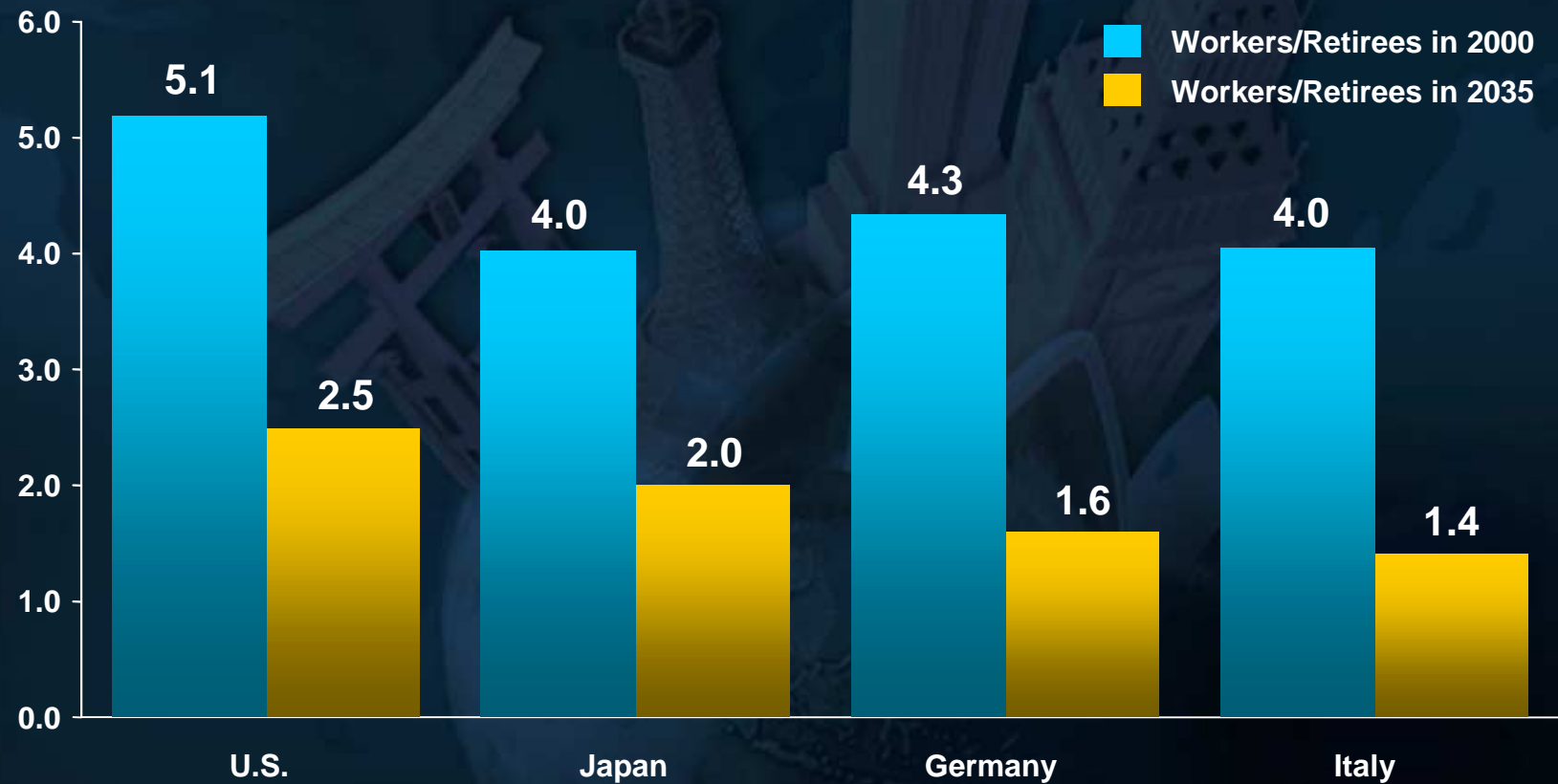


Source: Securities Data Corp. The securities identified above are not necessarily held by Lazard Asset Management for all client portfolios, and this should not be considered a recommendation or solicitation to purchase or sell the security.

# Investors Have To...

*In order to fund their future personal pension liabilities, investors will need the higher returns available from equity investments*

Elderly Dependency Ratio: Number of Workers/Retirees



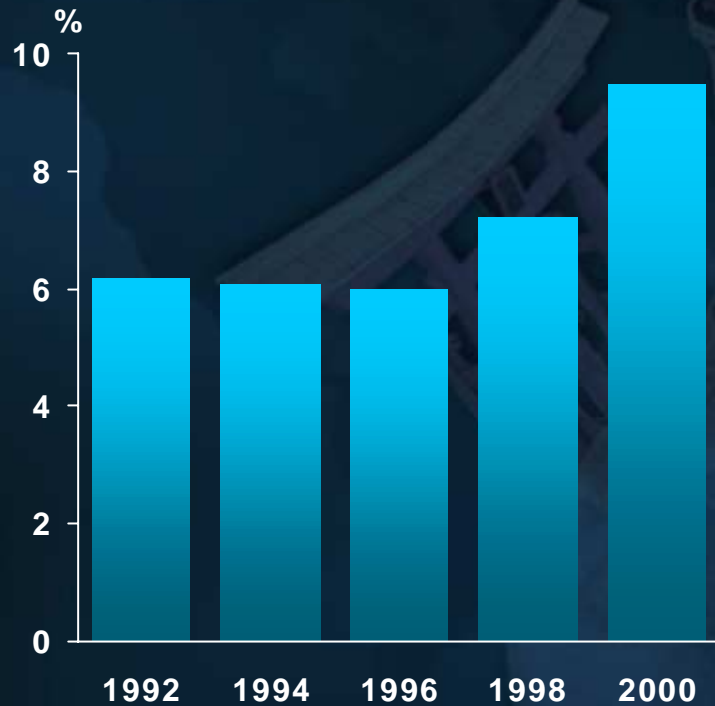
As of December 2000

Source: OECD & World Bank Estimates

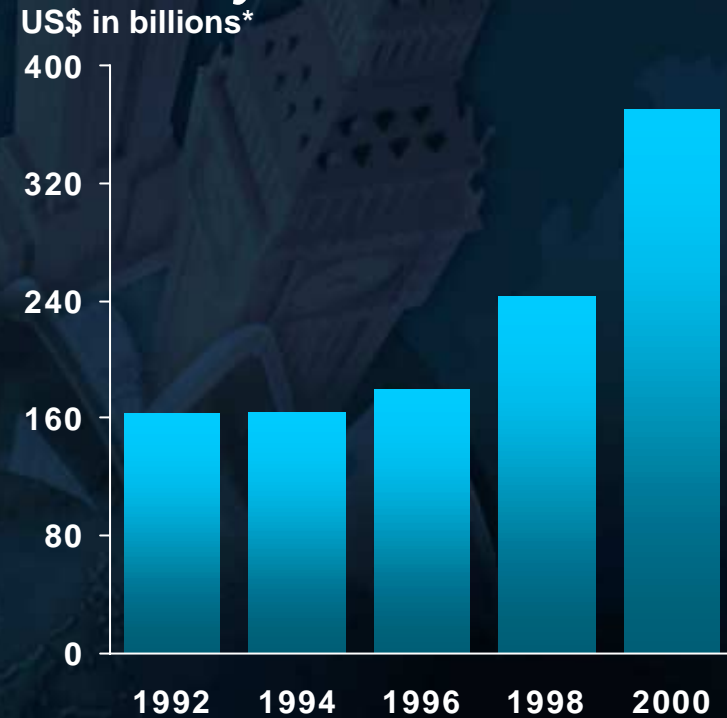
# Cultivating An Equity Culture in Germany

*Stock ownership is growing.... And so are mutual funds*

## Germans over the age of 14 who hold stocks



## Volume of mutual funds in Germany



Sources: German Shareholding Institute; DWS Investment

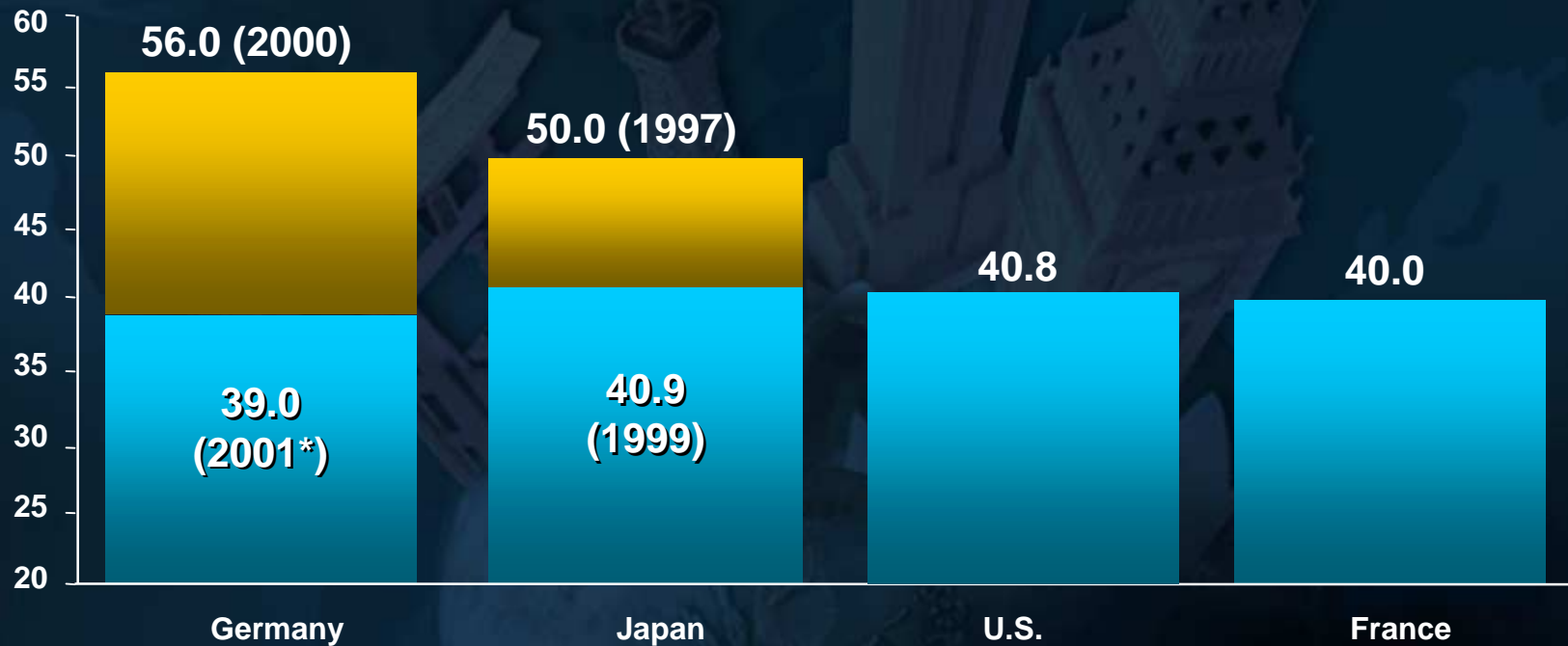
\*Converted from marks at rate as of December 31, 2000

# Global Taxation

*Tax rates in Japan and Germany are falling closer to global norms*

## Corporate Tax Rates

(%)

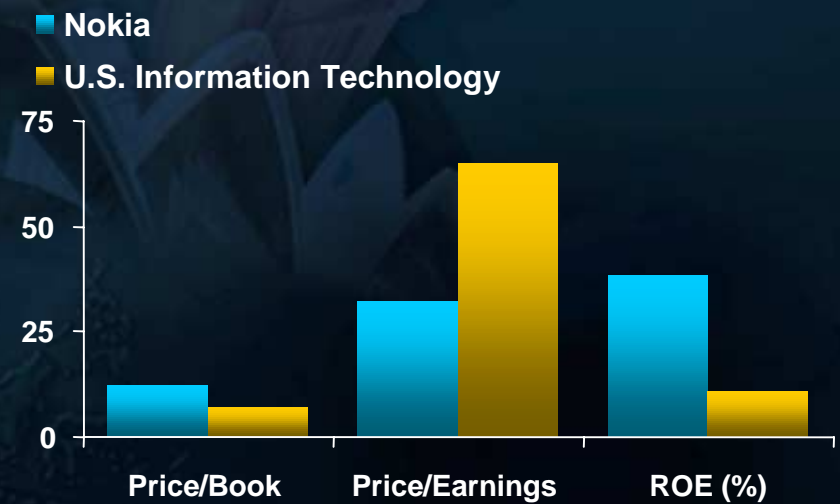
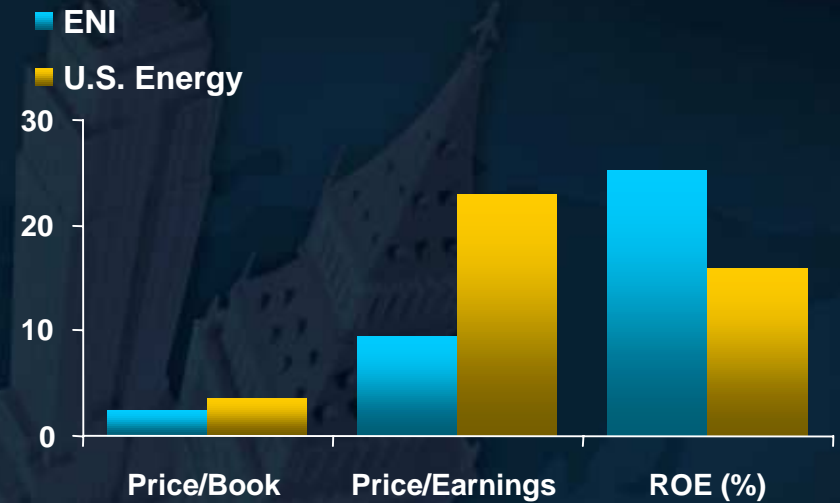


**Macro changes facilitate further restructuring already underway**

\*Proposed

Source: Financial Times

# Getting More For Your Dollar



As of 8/3/01. Source: MSCI; U.S. sector data from the MSCI U.S.A. Index. The securities identified above are not necessarily held by Lazard Asset Management for all client portfolios, and this should not be considered a recommendation or solicitation to purchase or sell the security. These securities are presented in order to demonstrate Lazard's security selection process. It should not be assumed that any investment in these securities was, or will be, profitable.

# The Euro Has Had a Rocky Start

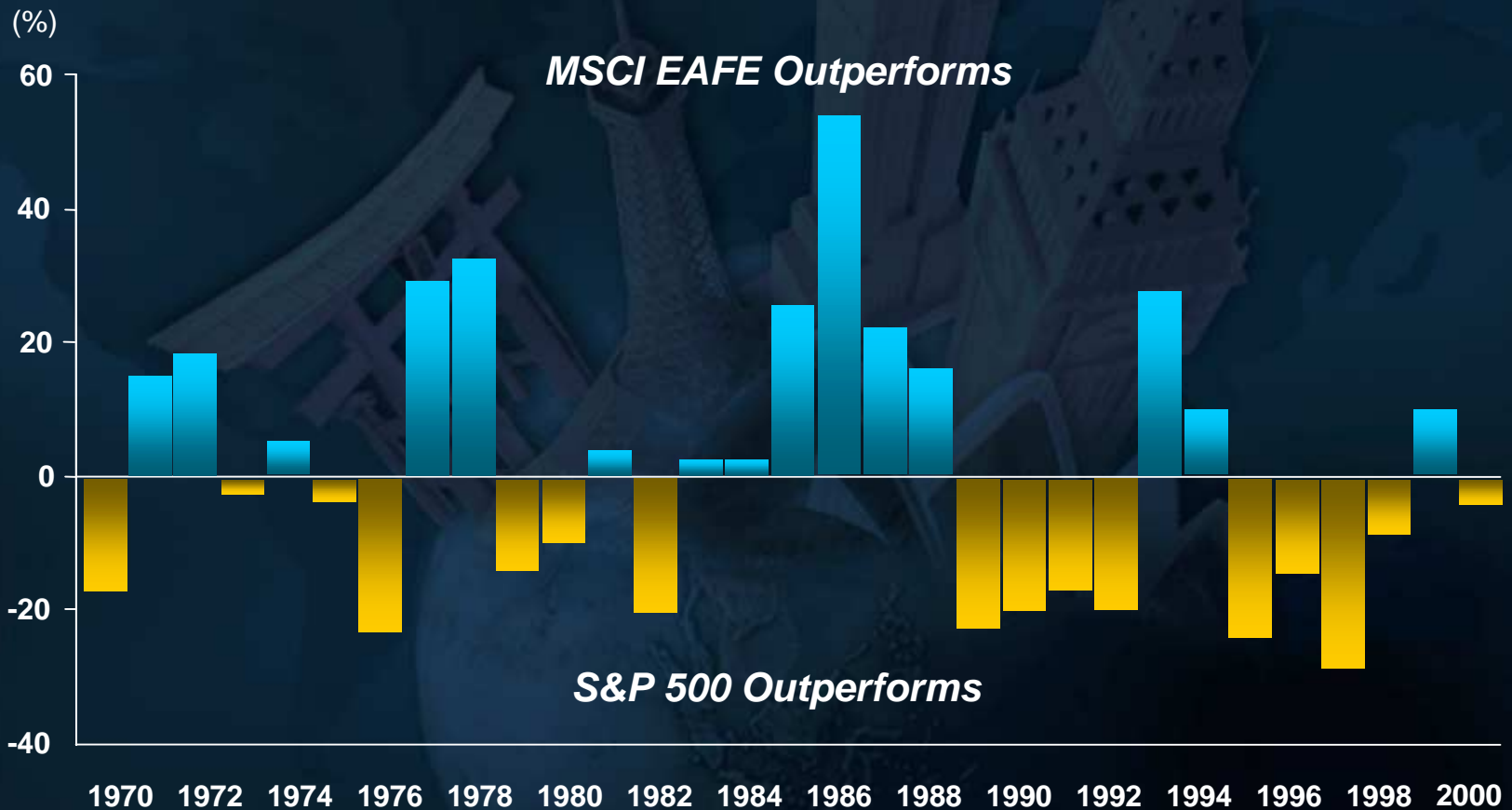


As of 4/30/01  
Source: Factset



# Cycles are Unpredictable

## Difference between MSCI EAFE and S&P 500 Returns

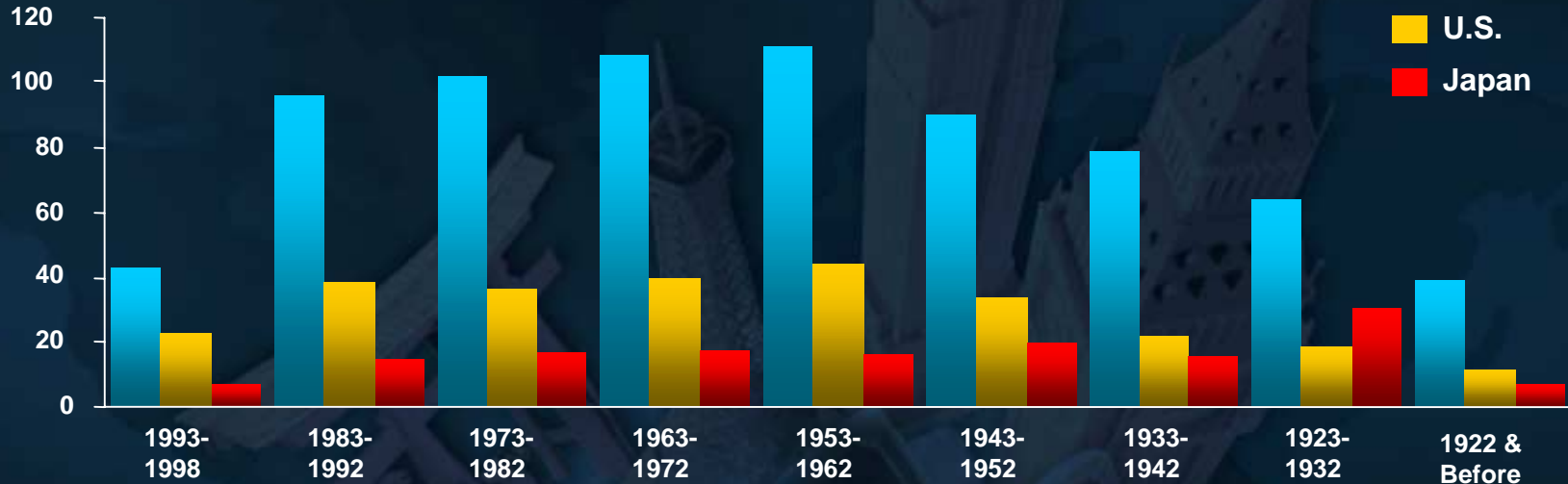


Source: Frank Russell Company. Data is presented on calendar year basis; MSCI EAFE returns are net of taxes. The S&P 500 is a capitalization-weighted index of the stocks of 500 publicly-traded U.S. companies that are considered to be leading firms in leading industries. It is considered to be a broad measure of U.S. stock performance. The MSCI EAFE index is a widely-followed group of stocks from 20 countries, excluding the United States. Neither of the indices are an investment product available for purchase.

# What Will Drive Global Stock Prices Higher?

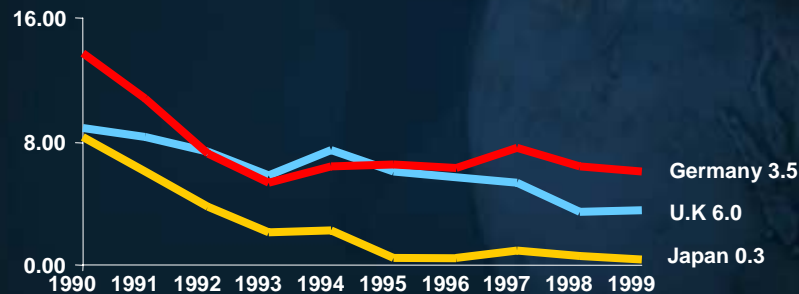
## Investor Demand\*

Millions of People



## Higher Returns Required<sup>1</sup>

Interest Rates



## European Returns on Equity<sup>2</sup>



\* UN Population Census

<sup>1</sup> Source: Bloomberg<sup>2</sup> As of December 31, 1999

<sup>2</sup> As of December 31, 1999



# TAB

# International Equity Select Performance

## Calendar periods (%)

	YTD 9/30/01*	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
<b>Lazard International Equity Select Composite</b>	<b>-23.7</b>	<b>3.8</b>	<b>20.8</b>	<b>25.0</b>	<b>20.0</b>	<b>13.2</b>	<b>7.0</b>	<b>2.3</b>	<b>31.4</b>	<b>-4.7</b>	<b>16.3</b>	<b>-1.4</b>	<b>32.2</b>
MSCI EAFE Index	-26.6	-14.2	27.0	20.0	1.8	6.0	11.2	7.8	32.6	-12.2	12.1	-23.4	10.5

## Annualized returns (%) for the period ended September 30, 2001

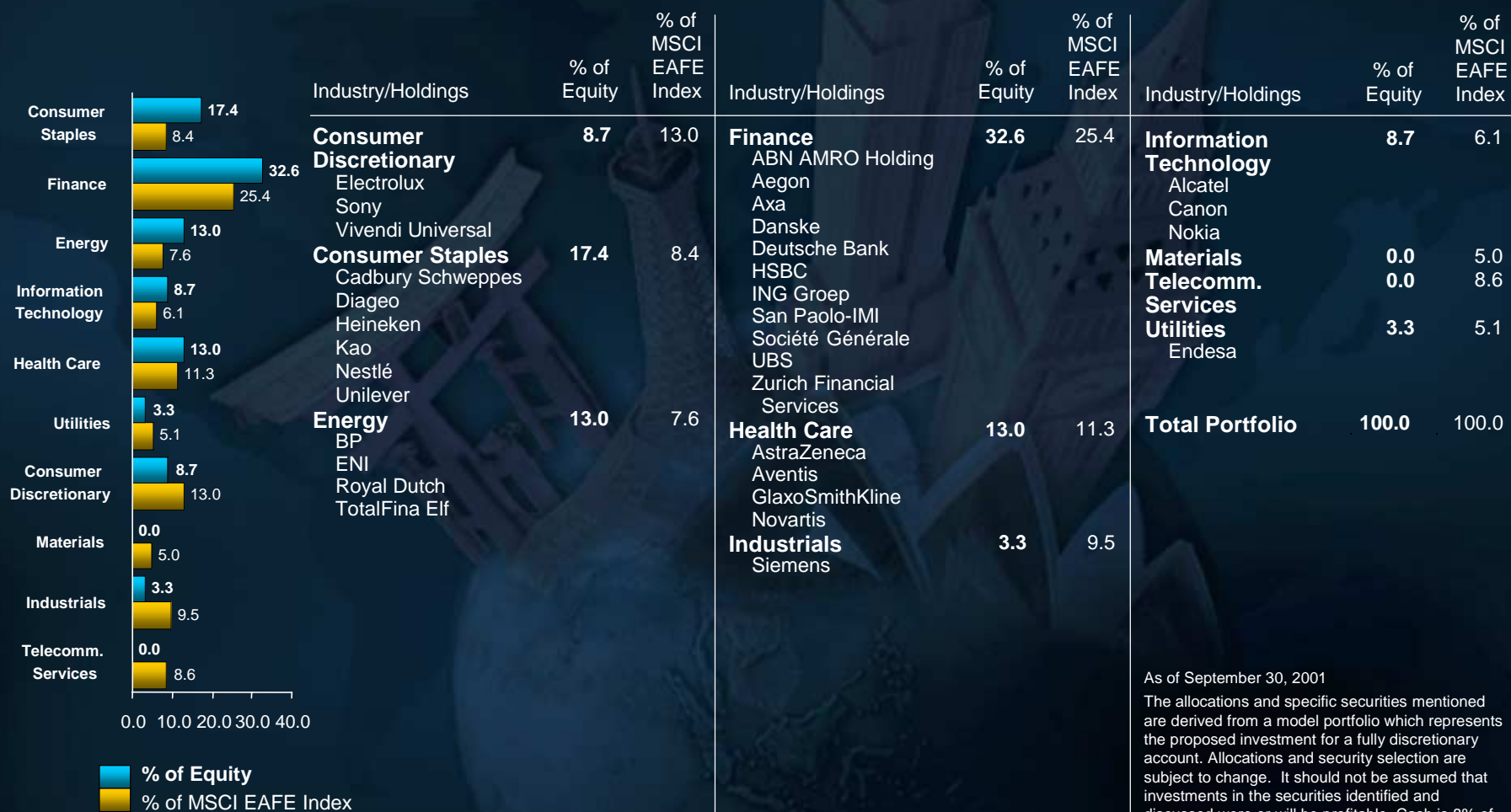
	1 Year	3 Year	5 Year	10 Year
<b>Lazard International Equity Select Composite</b>	<b>-20.9</b>	<b>4.6</b>	<b>8.9</b>	<b>8.8</b>
MSCI EAFE Index	-28.5	-1.2	-0.1	3.9

\* Preliminary  
Performance is presented gross of fees. Please see Appendix for performance presented on a net-of-fees basis and for a description of this composite performance. The average annual returns set forth above represent the combination of the Lazard International Equity Select Composite for the period after 1/1/94 and the Lazard International Equity Composite for the period prior to 1/1/94. The

combined returns presented above are not AIMR, and are presented as supplemental information only, as the returns for the period prior to 1/1/94 are those of institutional portfolios whose returns may or may not be indicative of Advisory Group portfolios. Each of the individual composite returns is AIMR compliant. The returns of each composite and accompanying disclosures are in the Appendix.



# International Equity Select by Sector



As of September 30, 2001

The allocations and specific securities mentioned are derived from a model portfolio which represents the proposed investment for a fully discretionary account. Allocations and security selection are subject to change. It should not be assumed that investments in the securities identified and discussed were or will be profitable. Cash is 8% of the portfolio. Cash is not viewed as a strategic asset class.

# International Equity Select by Country



As of September 30, 2001

The allocations and specific securities mentioned are derived from a model portfolio which represents the proposed investment for a fully discretionary account.

Allocations and security selection are subject to change. It should not be assumed that investments in the securities identified and discussed were or will be profitable. Cash is 8% of the portfolio. Cash is not viewed as a strategic asset class.

<sup>1</sup>Denmark, Norway, Sweden, Switzerland

# Global Equity Select Performance

## Calendar periods (%)

	YTD 9/30/01*	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
<b>Lazard Global Equity Select Composite</b>	<b>-18.2</b>	<b>4.9</b>	<b>19.1</b>	<b>20.0</b>	<b>24.4</b>	<b>20.9</b>	<b>23.7</b>	<b>6.8</b>	<b>25.0</b>	<b>-1.9</b>	<b>23.6</b>	<b>1.9</b>	<b>33.5</b>
MSCI World Index	-23.4	-13.2	24.9	24.3	15.8	13.5	20.7	5.1	22.5	-5.2	18.3	-17.0	16.6

## Annualized returns (%) for the period ended September 30, 2001

	1 Year	3 Year	5 Year	10 Year
<b>Lazard Global Equity Select Composite</b>	<b>-16.1</b>	<b>6.1</b>	<b>10.7</b>	<b>12.1</b>
MSCI World Index	-28.1	0.2	4.6	7.6

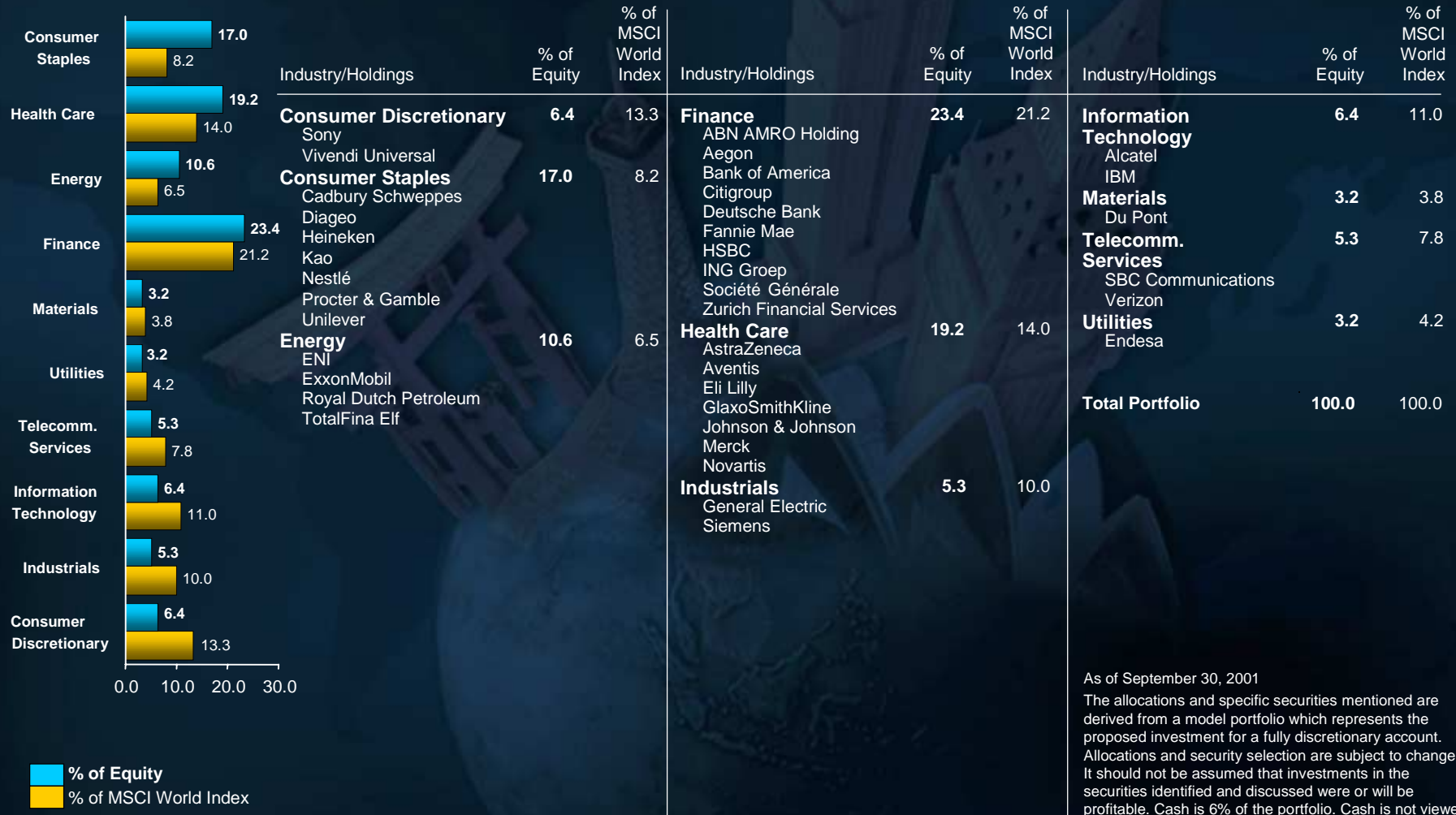
\* Preliminary

Performance is presented gross of fees. Please see Appendix for performance presented on a net-of-fees basis and for a description of this composite performance. The average annual returns set forth above represent the combination of the Lazard Global Equity Select Composite for the period after 1/1/94 and the Lazard Global Equity Composite for the period prior to 1/1/94. The combined returns

presented above are not AIMR compliant, and are presented as supplemental information only, as the returns for the period prior to 1/1/94 are those of institutional portfolios whose returns may or may not be indicative of Advisory Group portfolios. Each of the individual composite returns is AIMR compliant.



# Global Equity Select by Sector



As of September 30, 2001

The allocations and specific securities mentioned are derived from a model portfolio which represents the proposed investment for a fully discretionary account. Allocations and security selection are subject to change. It should not be assumed that investments in the securities identified and discussed were or will be profitable. Cash is 6% of the portfolio. Cash is not viewed as a strategic asset class.



# Performance Disclosures

## Lazard International Equity Select Composite

<u>Annualized (As of 6/30/01)</u>	<u>Lazard Rate of Return (Gross of Fees %)</u>	<u>Lazard Rate of Return (Net of Fees %)</u>	<u>MSCI EAFE Index (Rate of Return %)</u>
1 Year	-11.8	-12.3	-23.6
3 Years	3.3	2.6	-1.2
5 Years	12.0	11.1	2.9
Since Inception <sup>1</sup>	10.0	9.1	5.0

<u>Annual</u>	<u>Lazard Rate of Return (Gross of Fees %)</u>	<u>Lazard Rate of Return (Net of Fees %)</u>	<u>MSCI EAFE Index (Rate of Return %)</u>
YTD 6/30/01	-12.1	-12.4	-14.6
2000	3.8	3.2	-14.2
1999	20.8	20.2	27.0
1998	25.0	23.7	20.0
1997	20.0	18.9	1.8
1996	13.2	12.1	6.0
1995	7.0	6.0	11.2
1994	2.3	1.2	7.8

<sup>1</sup>Inception of Lazard's International Equity Select Composite is January 1, 1994. The composite name was changed from International ADR to International Equity Select in the first quarter of 2001 to better reflect portfolio composition and investment objective among out product suite. There have been no changes to benchmark, constituent accounts, or manner in which the portfolios are being managed base on this new nomenclature.

# Performance Disclosures

## Lazard International Equity Select Composite

The composite returns represent the total returns of all fully discretionary, fee-paying portfolios with an International Equity Select investment mandate and a minimum of \$250,000 in assets under management by Lazard Asset Management from January 1, 1994 to December 31, 1994 and a minimum of \$1 million in assets under management from January 1, 1995 to present. The Portfolios included in the composite have been managed by Lazard Asset Management for a minimum of 2 full calendar quarters from January 1, 1994 to April 30, 1995, 6 full calendar months from May 1, 1995 to December 31, 1997, and 3 full calendar months from January 1, 1998 to the present. The returns of the individual portfolios within the composite are time-weighted, use trade date accounting, are based upon quarterly portfolio valuations prior to April 1995, and upon monthly portfolio valuations from April 1995 to the present, and include the reinvestment of all earnings as of the payment date. The composite returns are dollar-weighted based upon beginning period market value. The exclusion of any accounts from the composite does not have a material effect on performance. Composite returns are shown before the deduction of custody fees. The composite and benchmark returns are reported net of foreign withholding taxes on dividends, interest and capital gains. The assumed tax rate for the benchmark is that of a Luxembourg holding company and is based on the actual tax rate of each country. The composite returns presented represent past performance and do not indicate future results, which may vary. Lazard's standard fee schedule for International Equity Select accounts is

1.00% on the first \$5 million of assets, 0.75% on the next \$5 million of assets and 0.50% on assets above \$10 million. A complete list and description of all Lazard composites is available upon request.

The MSCI Europe, Australasia, Far East Index is an arithmetic, market value-weighted average return net of dividends taxation which is derived from over 900 securities listed on the stock exchanges of countries in Europe, Australia and the Far East. The Index is compiled by Morgan Stanley Capital International. As of June 30, 2001, the composite invested 0.0% of assets in countries not included in the benchmark.

Lazard has prepared and presented this report in accordance with the AIMR standards. AIMR has not been involved with the preparation or review of this report.

Lazard Asset Management (excluding accounts managed in its Frankfurt office) is the "Firm" to which the AIMR Standards apply. Total assets under management for the Firm were \$70.4 billion as of June 30, 2001. The percentage of total assets described below reflects the composite portfolios' assets relative to the assets of the Firm. The returns from January 1, 1994 to December 31, 1999 have been audited by Arthur Andersen & Co. LLP for compliance with the AIMR Standards.

*The table below describes historical composite information:*

Annual	# of Portfolios	Composite Dispersion <sup>1</sup>	Market Value (\$ millions)	% of Total Assets
YTD 6/30/01	127	0.45	831.7	1.2
2000	135	1.19	980.7	1.0
1999	103	1.83	693.5	0.9
1998	47	1.08	365.8	0.6
1997	41	0.64	202.5	0.4
1996	18	0.69	133.9	0.4
1995	14	0.72	83.3	0.3
1994	35	0.36	95.8	0.4

<sup>1</sup>Measured by standard deviation of constituent's annual returns.

The composite name was changed from International ADR to International Equity Select in the first quarter of 2001 to better select portfolio composition and investment objective among our product suite.

There have been no changes to benchmark, constituent accounts, or manner in which the portfolios are being managed based on this new nomenclature.



# Performance Disclosures

## Lazard International Equity Composite

Annualized (As of 6/30/01)	Lazard Rate of Return (Gross of Fees %)	Lazard Rate of Return (Net of Fees %)	MSCI EAFE Index Rate of Return (%)
1 Year	-18.4	-18.7	-23.6
3 Years	-0.4	-0.9	-1.2
5 Years	6.9	6.4	2.9
10 Years	10.0	9.4	6.4

Calendar Periods	Lazard Rate of Return (Gross of Fees %)	Lazard Rate of Return (Net of Fees %)	MSCI EAFE Index Rate of Return (%)
YTD 6/30/01	-12.6	-12.9	-14.6
2000	-9.7	-10.0	-14.2
1999	27.6	27.0	27.0
1998	15.6	15.0	20.0
1997	11.7	11.2	1.8
1996	16.4	15.9	6.0
1995	13.5	12.9	11.2
1994	3.6	3.0	7.8
1993	31.4	30.5	32.6
1992	-4.7	-5.3	-12.2
1991	16.3	15.7	12.1
1990	-1.4	-1.8	-23.4
1989 <sup>1</sup>	32.2	31.8	10.5

<sup>1</sup>Inception of Lazard's Institutional International Equity Composite is July 1, 1986. Lazard Asset Management does not present performance for periods prior to January 1, 1989. Please see the next page for additional information about this composite.

# Performance Disclosures

## Lazard International Equity Composite

The composite returns represent the total returns of all fully discretionary, fee-paying, institutional U.S. tax-exempt portfolios with an international equity investment mandate and a minimum of \$5 million in assets under management by Lazard Asset Management for a period of at least 2 full calendar quarters prior to April 1995, 6 full calendar months from April 1995 to December 1997, and 3 full calendar months from January 1998 to the present. The exclusion of any account from the composite does not have a material effect on performance. The returns are presented before tax. Portions of balanced accounts are not included. The returns of the individual portfolios within the composite are time-weighted, use trade date accounting, are based upon quarterly portfolio valuations prior to April 1995, and upon monthly portfolio valuations from April 1995 to the present, and include the reinvestment of all earnings as of the payment date. The composite returns are dollar-weighted based upon beginning period market value. Composite returns are shown before the deduction of custody fees. The composite and benchmark returns are reported net of foreign withholding taxes on dividends, interest and capital gains. The assumed tax rate for the benchmark is that of a Luxembourg holding company and is based on the actual tax rate of each country. The composite returns presented represent past performance and do not indicate future results which may vary. The composite does not include portfolio segments of balanced portfolios. The composite is not a subsector of a larger composite. Leverage has not been used for the portfolios in the composite. Lazard's standard fee schedule for

institutional international equity accounts is 0.75% of the first \$50 million of assets and 0.50% of the balance. A complete list and description of all Lazard composites is available upon request.

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The above represents the performance of Lazard's separate accounts and should not be considered when making a determination with respect to any mutual fund investment.

Lazard has prepared and presented this report in compliance with the Performance Presentation Standards of the Association for Investment Management and Research ("AIMR Standards"). AIMR has not been involved with the preparation or review of this report.

Lazard Asset Management (excluding accounts managed in its Frankfurt office) is the "Firm" to which the AIMR Standards apply. Total assets under management for the Firm were \$70.4 billion as of June 30, 2001. The percentage of total assets described below reflects the composite portfolios' assets relative to the assets of the Firm. The returns from January 1, 1989 to December 31, 1999 have been audited by Arthur Andersen & Co. LLP for compliance with the AIMR Standards.

The table below describes historical composite information:

Calendar Periods	# of Portfolios	Composite Dispersion <sup>1</sup>	Market Value (\$ millions)	% of Total Assets
YTD 6/30/01	47	0.83	4,283.8	6.1
2000	49	0.75	4,932.6	7.2
1999	51	1.12	5,530.8	7.4
1998	46	1.65	3,990.2	7.0
1997	37	1.32	2,692.6	5.1
1996	35	0.52	1,824.5	4.8
1995	29	1.11	1,265.0	4.1
1994	22	0.71	761.0	3.4
1993	12	0.63	317.4	1.4
1992	9	0.36	146.2	0.8
1991	8	0.74	128.0	0.7
1990	5	0.90	77.2	0.5
1989 <sup>3</sup>	<5	0.00	77.1	0.5

<sup>1</sup>Measured by standard deviation of constituents' annual returns.

<sup>2</sup>Tax-exempt International Equity accounts.

<sup>3</sup>Lazard Asset Management does not present performance for periods prior to January 1, 1989.



# Performance Disclosures

## Lazard Global Equity Select Composite

Annualized (As of 6/30/01)	Lazard Rate of Return (Gross of Fees %)	Lazard Rate of Return (Net of Fees %)	MSCI World Index (Rate of Return %)
1 Year	-5.9	-6.7	-20.3
3 Years	3.5	2.8	1.1
5 Years	13.3	12.8	8.2
Since Inception <sup>1</sup>	14.1	13.5	9.8

Annual	Lazard Rate of Return (Gross of Fees %)	Lazard Rate of Return (Net of Fees %)	MSCI World Index (Rate of Return %)
YTD 6/30/01	-9.8	-10.2	-10.5
2000	4.9	4.4	-13.2
1999	19.1	18.3	24.9
1998	20.0	19.4	24.3
1997	24.4	24.2	15.8
1996	20.9	20.5	13.5
1995	23.7	23.1	20.7
1994	6.8	6.3	5.1

<sup>1</sup>Inception of Lazard's Global Equity Select Composite is January 1, 1994.

The composite name was changed from Global ADR to Global Equity Select in the first quarter of 2001 to better reflect portfolio

composition and investment objective among our product suite. There have been no changes to benchmark, constituent accounts, or manner in which the portfolios are being managed based on this new nomenclature.

# Performance Disclosures

## Lazard Global Equity Select Composite

The composite returns represent the total returns of all fully discretionary, fee-paying portfolios with a Global Equity Select investment mandate and a minimum of \$250,000 in assets under management by Lazard Asset Management for a period of at least 2 full calendar quarters prior to April 1995, six months from April 1995 to December 1997 and three full calendar months from January 1998 to the present. The returns of the individual portfolios within the composite are time-weighted, use trade date accounting, are based upon quarterly portfolio valuations prior to April 1995, and upon monthly portfolio valuations from April 1995 to the present, and include the reinvestment of all earnings as of the payment date. The composite returns are dollar-weighted based upon beginning period market value. The exclusion of any accounts from the composite does not have a material effect on performance. Composite returns are shown before the deduction of custody fees. The composite and benchmark returns are reported net of foreign withholding taxes on dividends, interest and capital gains. The assumed tax rate for the benchmark is that of a Luxembourg holding company and is based on the actual tax rate of each country. The composite returns presented represent past performance and do not indicate future results, which may vary. Lazard's standard fee schedule for Global Equity Select accounts is 1.00% on the first \$5 million of assets, 0.75% on the next \$5 million of assets and 0.50% on assets above \$10 million.

A complete list and description of all Lazard composites is available upon request.

The MSCI World Index (Net) is an arithmetic, market value-weighted average return net of dividends taxation, which is derived from equities of EAFE Index countries plus equities from Canada and the United States. The Index is compiled by Morgan Stanley Capital International. As of June 30, 2001, the composite invested in the following percentage of assets in countries not included in the benchmark: 0.00%

Lazard has prepared and presented this report in accordance with the AIMR standards. AIMR has not been involved with the preparation or review of this report.

Lazard Asset Management (excluding accounts managed in its Frankfurt office) is the "Firm" to which the AIMR Standards apply. Total assets under management for the Firm were \$70.4 billion as of June 30, 2001. The percentage of total assets described below reflects the composite portfolios' assets relative to the assets of the Firm. The returns from January 1, 1994 to December 31, 1999 have been audited by Arthur Andersen & Co. LLP for compliance with the AIMR Standards.

*The table below describes historical composite information:*

Annual	# of Portfolios	Composite Dispersion <sup>1</sup>	Market Value (\$ millions)	% of Total Assets
YTD 6/30/01	72	0.6	104.3	0.1
2000	89	1.24	131.0	0.2
1999	99	1.82	164.0	0.2
1998	49	1.31	104.8	0.2
1997	54	0.56	72.2	0.1
1996	17	0.84	7.1	<0.1
1995	6	0.74	1.9	<0.1
1994	7	0.00	3.0	<0.1

<sup>1</sup>Measured by standard deviation of constituents' annual returns. The composite's name was changed from Global ADR to Global Equity Select in the first quarter of 2001 to better reflect portfolio

composition and investment objective among our product suite. There have been no changes to benchmark, constituent accounts, or manner in which the portfolios are being managed based on this new nomenclature.



# Performance Disclosures

## Lazard Global Equity Composite

Annualized (As of 12/31/00)	Lazard Rate of Return (Gross of Fees %)	Lazard Rate of Return (Net of Fees %)	MSCI World Index Rate of Return (%)
1 Year	-8.2	-8.7	-13.2
3 Years	8.2	7.8	10.5
5 Years	11.8	11.4	12.1
10 Years	13.2	12.7	11.9

Calendar Periods	Lazard Rate of Return (Gross of Fees %)	Lazard Rate of Return (Net of Fees %)	MSCI World Index Rate of Return (%)
YTD 12/31/00	-8.2	-8.7	-13.2
1999	17.5	17.4	24.9
1998	17.3	16.8	24.3
1997	17.1	16.6	15.8
1996	17.9	17.4	13.5
1995	24.9	24.3	20.7
1994	4.8	4.1	5.1
1993	25.0	24.3	22.5
1992	-1.9	-2.6	-5.2
1991	23.6	23.1	18.3
1990	1.9	1.5	-17.0
1989 <sup>1</sup>	33.5	33.0	16.6

<sup>1</sup>Inception of Lazard's Institutional Global Equity Composite is October 1, 1986. Lazard Asset Management does not present performance for periods prior to January 1, 1989.

# Performance Disclosures

## Lazard Global Equity Composite

The composite returns represent the total returns of all fully discretionary, fee-paying, institutional U.S. tax-exempt portfolios with a global equity investment mandate and a minimum of \$5 million in assets under management by Lazard Asset Management for a period of at least 2 full calendar quarters prior to April 1995, 6 full calendar months from April 1995 to December 31, 1997 and 3 full calendar months from January 1, 1998 to the present. The exclusion of any accounts from the composite does not have a material effect on performance. The returns are presented before tax. Portions of balanced accounts are not included. The composite is not a subsector of a larger composite. The returns of the individual portfolios within the composite are time-weighted, use trade date accounting, are based upon quarterly portfolio valuations prior to April 1995, and upon monthly portfolio valuations from April 1995 to the present, and include the reinvestment of all earnings as of the payment date. The composite returns are dollar-weighted based upon beginning period market value. Composite returns are shown before the deduction of custody fees. The composite and benchmark returns are reported net of foreign withholding taxes on dividends, interest and capital gains. The assumed tax rate for the benchmark is that of a Luxembourg holding company and is based on the actual tax rate of each country. The composite returns presented represent past performance and do not indicate future results which may vary. Leverage has not been used for the portfolios in the composite. Lazard's standard fee schedule for institutional global equity accounts is 0.75%

of the first \$50 million of assets and 0.50% of the balance. A complete list and description of all Lazard composites is available upon request.

The MSCI World Index (Net) is an arithmetic, market value-weighted average return net of dividends taxation, which is derived from equities of EAFE Index countries plus equities from Canada and the United States. The Index is compiled by Morgan Stanley Capital International. As of December 31, 2000, the composite on average, invested 0.0 percentage of assets in countries not included in the benchmark. The above represents the performance of Lazard's separate accounts and should not be considered when making a determination with respect to any mutual fund investment.

Lazard has prepared and presented this report in compliance with the Performance Presentation Standards of the Association for Investment Management and Research ("AIMR Standards"). AIMR has not been involved with the preparation or review of this report.

Lazard Asset Management (excluding accounts managed in its Frankfurt office) is the "Firm" to which the AIMR Standards apply. Total assets under management for the Firm were \$70.4 billion as of June 30, 2001. The percentage of total assets described below reflects the composite portfolios' assets relative to the assets of the Firm. The returns from January 1, 1989 to December 31, 1999 have been audited by Arthur Andersen & Co. LLP for compliance with the AIMR Standards.

The table below describes historical composite information:

Calendar Periods	# of Portfolios	Composite Dispersion <sup>1</sup>	Market Value (\$ millions)	% of Total Assets
YTD 6/30/01	<5	0.11	1,041.6	1.48
2000	<5	0.01	1,073.9	1.60
1999	<5	1.05	1,269.4	1.70
1998	<5	1.72	1,116.0	1.80
1997	5	1.49	766.1	1.30
1996	5	0.50	719.5	1.90
1995	5	0.86	440.8	1.40
1994	<5	0.61	317.9	1.40
1993	<5	0.00	253.6	1.10
1992	<5	0.00	11.1	0.10
1991	<5	0.01	18.8	0.10
1990	<5	0.00	5.2	0.04
1989 <sup>3</sup>	<5	0.00	5.2	0.04

<sup>1</sup>Measured by standard deviation of constituents' annual returns.

<sup>2</sup>Tax-exempt global equity accounts.

<sup>3</sup>Lazard Asset Management does not present performance for periods prior to January 1, 1989.